

UNCLASSIFIED INTERNAL CONFIDENTIAL SECRET

Approved For Release 2001/08/27 : CIA-RDP79-00498A000100030010-6

ROUTING AND RECORD SHEET

SUBJECT: (Optional) STATINTL		Waiver of Provision for Employees		Travel on American Airlines STATINTL. Prior to June 1975	
FROM: Director of Finance 1212 Key Bldg.				EXTENSION 3194	NO.
					DATE 10 SEP 1975
TO: (Officer designation, room number, and building)		DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
		RECEIVED	FORWARDED		
1. Deputy Director for Administration 7-D-26 Hqs					Recommend approval - OGC has reviewed and concurs -
2.					
3.				STATINTL	
4.		OGC HAS REVIEWED.			
5.					
6.					
7.					
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11.					
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14.					
15.					

SSA 100030010-6 Registry
76-0211
16 Aug 1975

DD/A Registry
76-4564

MEMORANDUM FOR: Deputy Director for Administration

FROM : Thomas B. Yale
Director of Finance

SUBJECT : Waiver of Provision of [REDACTED] Travel on American Airlines for Employees [REDACTED] Prior to June 1975 25X1A
25X1A

REFERENCE : (a) Memo for DDA fm D/F dtd 27 Apr 76, Same Subj
(b) OGC 76-4498 dtd 16 Aug 76, Same General Subj

25X1A 1. Action Requested: It is requested that you approve the recommendation in paragraph 3 to forego the effort to identify possible claims against employees [REDACTED] who may have used foreign airlines for R&R travel prior to 17 June 1975 in circumstances where [REDACTED] required use of American Airlines. 25X1A

2. Basic Data:

a. Reference (a) detailed the circumstances under which there may have been unauthorized use of foreign airlines for R&R travel prior to 17 June 1975 by employees [REDACTED] and recommended your approval for waiver of the regulatory provision that required use of American airlines. 25X1A

b. Reference (b) took legal exception to the above recommendation but suggested we examine standards promulgated by the Attorney General and the Comptroller General (quoted in 4 FAM 488, Tab A attached) for settlement of claims under the provisions of the Federal Claims and Collection Act of 1966.

c. Under those standards, the head of an Agency may terminate collection action and consider a case closed for several reasons, including:

- (1) when it appears that the cost of collection action will exceed the amount to be recovered (4 FAM 488.1-4c) and
- (2) the evidence necessary to prove the claim cannot be produced (4 FAM 488.1.4e).

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for Employees [REDACTED] Prior to June 1975

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d. An effort to identify all potential claims would require research of all R&R travel [REDACTED] between October 1963 when Agency foreign airline policy was first published and June 1975 (when Station policy was corrected). The research at the minimum would require (a) identification of each R&R trip to an alternate R&R destination, (b) examination of the travel voucher to determine if foreign airlines were used (c) examination of an American airline guide for the time period of the travel to determine the extent to which American airlines could have been used and (d) analysis to determine the pecuniary liability if American airlines should have been used in the circumstances of the particular trip. Collection efforts would require the development of a full explanation for the basis of each claim and correspondence with the individual; in cases where the employee is no longer with the Agency it would be necessary to determine current status and location before deciding upon and commencing collection effort.

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e. It seems apparent that the direct and indirect costs of the cumulative efforts necessary to pursue the above research and collection program would exceed potential recoveries. We have no estimate of the number of potential claims that might surface but it is estimated the maximum claim per traveler would be \$500 (the current cost of [REDACTED]). There is also a good possibility we would lack all of the evidence necessary in some cases to prove claims. In these circumstances it seems consistent with the intent of the Tab A guidelines to forego the efforts that would be required to effect collection of the potential claims described above.

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f. DIRLINT 11424, copy attached as Tab B, provided guidance on the resolution of individual cases involving travel commenced prior to 17 June 1975. It is believed only equitable that the Station be authorized to settle these cases in accordance with the prior Station policy if you approve termination of further collection effort on identification of possible claims.

3. It is recommended that you approve termination of further collection effort on possible claims including those cited in Tab B that the Government may have for the use of foreign airlines which

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was in accordance with Station policy prior to 17 June 1975, but in violation of [REDACTED] because it is expected (a) the aggregate cost of identification and collection would exceed aggregate recoveries and (b) full documentation to prove claims may not be available in cases.

25X1A

(signed) Thomas B. Yale

Thomas B. Yale

Att

APPROVED: /s/ John F. Blake
Deputy Director for
Administration

20 SEP 1976
Date

DISAPPROVED: _____
Deputy Director for
Administration

_____ Date

Distribution:

0 & 2 - Add. (Orig to be returned) w/a
1 - D/F wo/a
1 - DD/P&S w/a
1 - OGC [REDACTED]

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488.1 General Authority

Under the provisions of the Federal Claims Collection Act of 1966 (Public Law 89-508 dated July 19, 1966; 31 U.S.C. 952), the Department is required to attempt collection of all claims of the United States for money or property arising out of the activities of the Department. The Act also gives the Department authority to compromise, suspend, or terminate collection action on any such claim due the Department, not in excess of \$20,000, exclusive of interest. The following general criteria, as defined in the joint regulations of the General Accounting Office and the Department of Justice, pertaining to Federal Claims Collection Standards, are established for implementation of one or more of the actions referred to in this section.

488.1-1 Collection Action

a. Negotiation With Debtor

Aggressive action, on a timely basis with effective followup, is taken by the appropriate post, bureau, or office upon all claims for money or property arising out of the activities of the Department. This normally consists of three appropriate written demands upon the debtor (at 30-day intervals) unless the response to the first or second demand indicates that further demand would be futile. Other actions available include, but are not limited to, collection by offset (payroll or other), personal interview with debtor, contact with debtor's employing agency (if employed by the Federal Government or the Military Establishment), and consideration of the suspension or revocation of licenses (in the case of vendors) or other privileges heretofore granted the debtor.

b. Installment Payments

All claims, together with interest, should be collected in full in one lump sum whenever possible. However, if the debtor is financially unable to pay the indebtedness in one lump sum, payment may be accepted in regular installments. The size and frequency of installment payments should bear a reasonable relation to the size of the debt, the debtor's ability to pay, and the liquidation of the claim in not more than 3 years.

488.1-2 Compromise

a. If the collection actions described in subsection 488.1-1 do not result in settlement of the debt, a compromise may be sought by the Department or the debtor if it is determined that the Department cannot collect the full amount because of such factors as (1) the debtor's inability to pay; (2) the refusal of the debtor to pay the full amount and the Department's inability to enforce collection in full within a reasonable time; (3) there exists a real doubt as to the Government's ability to prove its case in court because of legal issues involved or a bona fide dispute as to the facts; or (4) the cost of collecting the claim does not justify the enforced collection of full amount.

b. In determining the debtor's inability to pay, the following factors are considered: (1) age and health of the debtor; (2) present and potential income; (3) inheritance prospects; and (4) the possibility that assets have been concealed or improperly transferred by the debtor.

488.1-3 Suspension

Collection action is suspended temporarily if the debtor cannot be located after diligent effort and there is reason to believe that future collection action will be productive. Periodic review action is taken on all such cases placed in suspense, keeping in mind the administrative costs of such review against the amount to be collected.

488.1-4 Termination

Collection action is terminated and the case considered closed when one or more of the following conditions exist:

a. It becomes clear that the Department cannot collect or enforce collection of any significant amount from the debtor, taking into consideration the judicial remedies available and the debtor's future financial prospects.

b. The debtor cannot be located and the applicable statute of limitations has expired.

c. If appears that the cost of collection action will exceed the amount recovered.)

d. The claim is legally without merit.

e. The evidence necessary to prove the claim cannot be produced, or the necessary witnesses are unavailable, and efforts to induce voluntary payment are unsuccessful.)

488.2 Exceptions

a. The criteria and actions referred to above do not apply to any claim wherein there is (1) an indication of fraud; (2) misrepresentation on the part of the debtor or any other party having an interest in the claim; (3) a tax claim; or (4) any claim based in whole or in part on conduct in violation of the antitrust laws.

b. Only the Comptroller General, or designee, may effect compromise of a claim that arises out of an exception made by the GAO in the account of an accountable officer.

488.3 Procedures To Be Observed in Compromise, Suspension, or Termination of Claims

488.3-1 By Posts

a. Claims not in excess of * \$200* are terminated if normal collection action has proved futile and when such termination is approved by the administrative officer. Approval for termination is obtained by use of a memorandum from the budget and fiscal officer *(or other officer familiar with the case)* to the administrative officer containing (1) the name of the debtor; (2) the amount of the claim; (3) a brief statement of the efforts made to effect collection; and (4) the reasons why further collection action should not be undertaken. A permanent record is maintained at the post of all such terminated claims.

b. Claims in excess of *\$200* are forwarded to the Department by OM, Subject: AFIN, marked for the attention of BF/FS, together with complete documentation and the post's recommendation for settlement.

a. Claims not in excess of * \$200* originating in the Department are terminated by Financial Services (BF/FS/Revenue and Receipts) if normal collection action has proved futile. A permanent record of all such cases is maintained by that office.

b. Claims in excess of *\$200* are forwarded to the Director of Financial Services (BF/FS), or the Director's alternate, together with complete documentation and recommendation for settlement.

* 488.3-3 Departmental Review and Settlement of Claims in excess of \$200

a. Departmental review of claims originating at a post or in the Department in excess of \$200 recommended for compromise, suspension, or termination is the responsibility of the Director of Financial Services or the Director's alternate. Claims are reviewed to ascertain if recovery actions have been consistent with provisions of title 4, chapter II, of the Code of Federal Regulations; requirements prescribed in 4 GAO 55; and in accordance with these regulations.

b. If the claim is against a contractor, the Department of the Army should be notified to include the contractor on the "List of Contractors Indebted to the United States" (commonly known as the Army Holdup List). The procedures for these referrals are contained as a forward to the list, which is published quarterly by the U.S. Army Finance and Accounting Center, Indianapolis, Indiana 46249. Copies of the list are retained in BF/FS. Notwithstanding such notification, the claims should be pursued, including, where appropriate, referral to the General Accounting office. See 4 GAO 58-62.

It is the Department's policy not to refer debts of less than \$1,000 for inclusion on the list unless warranted by the facts and circumstances.*

*c. The Director of Financial Services (or alternate), after review in accordance with regulations cited in paragraph a, may approve or disapprove recommended compromise, suspension, or termination of claims in excess of \$200, but not exceeding \$500. Disapproved claims are for referral in accordance with section 488.4. The applicable office, bureau, or post is notified of the Director's action and must adjust their files accordingly.

d. Claims in excess of \$500, originating at a post or in the Department, are delivered by the Director of Financial Services (or Alternate) to a committee for review and determination of appropriate action. The committee is composed of (1) a representative of the bureau or office concerned; (2) a representative from the Office of the Legal Adviser; and (3) a representative from Financial Services. The Financial Services representative is responsible for assembling the committee when required, acting as chairman, recording the actions of the committee, and performing such other duties as may prove necessary. In unusual cases where doubt exists whether collection action should be compromised, suspended, or terminated, the advice of the General Accounting Office may be sought by the committee. Also, at the discretion of the committee, the specific approval of the Assistant Secretary for Administration may be requested on any particular decision to be taken. Any claim which the committee determines cannot be compromised, suspended, or terminated in accordance with regulations cited in paragraph a are for referral in accordance with section 488.4. The applicable office, however, or post is notified of the committee's action and must adjust its files accordingly.*

488.4. * Referrals of Unresolved Claims

Claims in excess of \$200, for which collection action has been unsuccessful and for which compromise, suspense, or termination cannot be approved by the Director of Financial Services (or alternate) for claims not in excess of \$500 or by the committee for claims in excess of \$500 are referred by the Director (or alternate) to the General Accounting Office. The procedures for these referrals are contained in 4 GAO 56, and the only exceptions to these reporting requirements are those listed in 4 GAO 56.3, and 4 CFR 101.3 and 105.1.

Claims are referred as soon as possible accompanied by the current address of the debtor, reasonably current credit status (if available), and a brief summary of the case and action previously taken by the Department. The file, records, and exhibits of the claims so referred are retained by the Department of State.*

489 (Unassigned)

490 SUSPENSIONS AND DISALLOWANCES BY GAO

491 Informal Inquiry

491.1 Request for Information

In auditing the monthly accounts of USDO's, the GAO occasionally finds it necessary to request additional documentation or information before passing upon the validity of a transaction. When such an occasion arises, the GAO forwards a request for the data to the Department of State on GAO Form 3010, Informal Inquiry. If, however, the individual circumstances indicate that the Informal Inquiry will not suffice, a letter is written instead. The Department of State in turn forwards the original and two copies of the request to the applicable post for reply.

491.2 Reply to Informal Inquiry

The reply to the inquiry from GAO is made by the USDO or the certifying officer. The reply is made as soon as possible after receipt. In the event a reply cannot be made within 30 days, the approximate date that such reply will be made is noted on the courtesy copy of the transmittal memorandum (DSL-642) and returned to the Department of State.

The reply is made on the reverse of the GAO Form 3010. The officer who prepares the reply signs the document in the appropriate place, and forwards the original and one copy to the Department of State, Attention: BF/FS. The Department of State in turn forwards the reply to the GAO. The post does not mail the reply directly to the GAO.

492 Notice of Exception492.1 Issuance of Exception

When, in the auditing of an agency's accounts, an exception is taken by the GAO involving the liability of either a certifying officer or a USDO, the reasons for it are stated on SF-1100, Notice of Exception and Reply. The SF-1100 is forwarded to the Department of State, which in turn forwards the original and two copies of the SF-1100 to the applicable post for reply.

492.2 Reply to Notice of Exception

The reply to the SF-1100, Notice of Exception, from GAO is made by the USDO or the certifying officer as soon as possible after receipt. In the event a reply cannot be made within 30 days, the approximate date that such reply will be made is indicated on the courtesy copy of the transmittal memorandum (DSL-642) and returned to the Department of State.

In the event the respective certifying officer or USDO is no longer at the post, the officer currently certifying or disbursing at the post furnishes, over officer's own signature, the reply to the exception if it can be provided on the basis of the information or data on file. For use in the event it is necessary to issue a revised exception, the successor provides the responsible officer's current address in successor's reply to the original notice of exception. The officer who replies to the exception uses the "Reply to Exception" space on the form. The officer signs in the space reserved for the signature of the person making the reply, and executes the endorsement on the bottom line. The space designated "Administratively Verified by" is left blank. The original and duplicate of the SF-1100 are forwarded to the Department of State, Attention: BF/BS. The Department of State in turn forwards the reply to the GAO. The post does not mail the reply directly to the GAO.

492.3 Acknowledgment of Reply

On receipt of a reply to an exception which the GAO finds to be satisfactory on the existing record, a copy of the exception is forwarded to the USDO or certifying officer, through the Department of State, bearing the notation "Reply dated _____ accepted as satisfactory."

If the reply to an exception does not present satisfactory basis for the removal of the exception, the GAO issues a revised exception clearly explaining why the reply was unsatisfactory.

493 Reporting Repayment

A questioned payment must be repaid as soon as it is determined by the GAO that the amount will not be allowed. The repayment is reported on the GAO Form 3010, Informal Inquiry, or the SF-1100, Notice of Exception and Reply, as applicable. If the original of the pertinent form has previously been sent to the Department of State, the repayment is reported on a copy of the form or by OM.

In the event the repayment is to be made in installments, a statement as to the specific arrangement with the debtor for liquidating the entire indebtedness is included in the repayment report.

The repayment report includes the name of the USDO in whose accounts the collection is recorded, the month in which the collection was entered in the accounts, the collection document number, and the amount collected. When the collection is in foreign currency, the name of the foreign currency and the U.S. dollar equivalent is furnished.

494.1 Report to the Department

A USDO or certifying officer may receive a statement of account indicating that the General Accounting Office has disallowed credit or payment made to an employee of the Department or another agency serviced by the Department. The USDO or certifying officer will, if no action by the Department is pending on the payment in question, immediately inform the employee of the disallowance. A report will be forwarded to the Department, Attention: BF/FS, indicating that the statement of account has been received involving an employee and that the employee has been informed.

When the employee considers that undue hardship would be imposed by requiring reimbursement at once of the disallowance, the employee should promptly submit to the Department, Attention: BF/FS, an explanation of the facts in detail together with a definite proposal for settlement of the disallowance.

494.2 Action by the Department

On receipt of the report of the USDO or certifying officer, and after consideration of the proposal for settlement if one is promptly submitted by the employee, BF/FS may direct either that the amount of the disallowance be refunded immediately or that satisfactory arrangements be made with the Department for settlement through the acceptance of partial payments. It must be clearly understood that, if arrangements for making deferred payments are not approved, it will be necessary to withhold compensation until full reimbursement has been accomplished.

494.3 Payroll Deductions

Deductions on payrolls representing refunds in whole or in part on account of disallowances are effected in accordance with the instructions in section 497.

When a Notice of Overcharge, GAO Form 1003, is issued by the General Accounting Office against foreign carriers, and domestic carriers having branches abroad, involving payments made in foreign currencies, a stamped impression of instructions to the carrier and the post is shown on the overcharge notice requesting the carrier to make refund, in the indicated currency, to the local post and to present with such refund a copy of the GAO Form 1003. The USDO or cashier receiving the refund issues a form FS-459 as a receipt and indorses the copy of the GAO Form 1003 to show the number and date of the FS-459. This annotated copy of the GAO Form 1003 is forwarded to the Transportation Division, General Accounting Office, Washington, D.C. 20548. The appropriation or fund account to be credited is shown on the GAO form 1003.

496 Settlement of Post Accounts496.1 Definition

The term "settlement" in connection with public transactions and accounts is used to describe administrative determination of the amount due.

496.2 Types of Accounts Subject to Settlement

It is the responsibility of the GAO to audit and settle the accounts of the U.S. Disbursing Officers. Settlements are required to be made also with certifying officers when there are exceptions on the basis of which charges are to be raised against such officers.

496.3* Issuance of Certificate of Settlement

Upon completion of the audit of an account, a certificate of settlement is issued by the GAO if there are exceptions outstanding which have been raised against the U.S. Disbursing Officer or the certifying officer as a result of the audit. If there are no exceptions outstanding, no certificate of settlement will be issued.

The settlement certificate for a U.S. Disbursing Officer is GAO Form 143, Certificate of Settlement of Account.

The settlement certificate for a certifying officer is GAO Form 3011, Certificate of Settlement.

The outstanding exceptions are itemized on GAO Form 2087, Statement of Exceptions Outstanding, and attached to GAO Form 143 or GAO Form 3011 as appropriate.

497-499 (Unassigned)

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